

**CITY OF SAN JOSE
OFFICE OF THE CITY AUDITOR
Procedure No. M-18**

AUDIT BUDGET

Purpose

To provide guidelines for preparing the audit budget.

Background

To ensure the timely completion of audit assignments, the City Auditor requires that the audit staff prepare an audit budget (BUD) for each assignment. The audit staff determines the time required to complete the audit procedures approved by the City Auditor.

Every two weeks, the in-charge auditor should update the BUD to compare the actual hours with the original approved budget (Variance A) and with the revised budget (Variance B). The auditor should also provide a brief explanation of the audit budget variances.

Procedure

Audit Staff	1. Prepare an audit budget, indicating the proposed hours for each audit objective or sub-objective (See Procedure No. 4-04-1A).
Supervising Auditor and City Auditor	2. Review and approve the audit budget.
Audit Staff	3. File the audit budget in the audit workpapers. 4. Every two weeks, update the BUD to compare the actual hours with the original approved budget (Variance A) and with the revised budget (Variance B). Provide a brief explanation of the audit budget variances.